

Letters

Moynihan's Ship of Fools

Taylor Branch's article on Moynihan's "ship of fools" ["Pat Moynihan's Ship of Fools," January] is an important restatement of the original merits of Nixon's Family Assistance Program. Branch's analysis of Moynihan's shell game reemphasizes the basic importance of the concept of a guaranteed income.

It has largely been lost in campaign rhetoric that McGovern's original proposal of a minimum income grant, based on Professor Tobin's 1966 proposal, also shared the basic concept of a guaranteed income with FAP. The FAP and McGovern proposals differed in magnitude, but they agreed that a minimum income should be the right of every citizen in this country. The total cost of FAP in the original bill (HR 16311) was \$13.7 billion; McGovern's total cost would have been \$210 billion gross with a net redistributive effect of about \$22 billion after a proportional income tax.

One of the major successful arguments used against both FAP and McGovern's proposal was the large costs of both programs. It will be crucial to any future proposal of a minimum income guarantee that this criticism is more effectively countered than in the past. Therefore, when the concept of minimum income is reintroduced, it should be accompanied with an extensive list of federal programs that can be reduced or eliminated as a result of the guaranteed income program, emphasizing the trade-offs between the present and future and most importantly reducing the total costs of the future programs.

Both the FAP and McGovern proposals netted the present welfare program, but neither proposal considered the possibility of netting a number of other government programs which would be redundant if the guaranteed income concept was adequately structured. For example, if the guaranteed income provided an adequate living standard, all of the food programs, veterans non-service connected pensions, housing aids, and possibly medicaid would become extraneous and should be reduced or eliminated. These programs, including maintenance assistance, would total over \$20 billion in 1974 alone, and therefore would be a substantial help in defraying some of the costs of an adequate guaranteed income program in this country.

More radical proposals would even include the elimination of the unemployment insurance trust funds since people would be guaranteed a minimum income

Screwing of the Average Taxpayer

Congratulations on your excellent article in the January, 1973, issue by James Fallows, "The Screwing of the Average Taxpayer."

America needs tax reform. It also urgently needs spending reform.

The White House and Congress should spend less time expounding our GNP and take a hard look at our TLI. We estimate that the Taxpayer Liability Index (Federal debt plus contingent liabilities) is now approaching \$2 trillion dollars.

Who will pay this bill? You guessed it—the American taxpayer. He or she, black or white, has become the new "economic slave" on the Plantation of Federal Mis-spending.

SID TAYLOR
Washington, D. C.

Sid Taylor is research director of the National Taxpayers Union.

Public Help for Private Schools

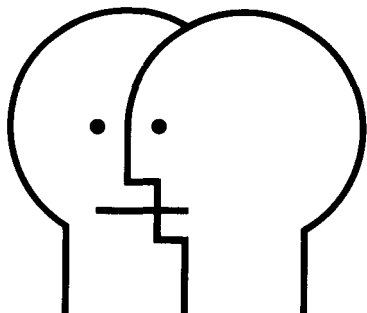
Re Charles Peters' "Winning Back the Ethnic, Public Help for Private Schools" [January], any legislation that indiscriminately subsidizes directly or indirectly private schools is undesirable, whatever the political use to which it might be put. While you might help preserve socio-economically balanced schools in the central city you would also help underwrite segregation academies elsewhere.

DAVID C. MACMICHAEL
Menlo Park, Calif.

David MacMichael is a senior social scientist at the Center for Study of Social Policy.

The editor replies:

While I believe that the First Amendment permits government aid to private schools, I think the Fourteenth Amendment would prohibit such help to any segregated school. Thus I see the Constitution permitting a program of aid to elementary and secondary schools generally, including private and parochial schools, but not including any segregated schools.



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Thought Provoking Rational Debates On Current Issues

The Role of Congress in Foreign Policy

with Senators John C. Stennis and J. William Fulbright

Senators Stennis and Fulbright agree that the Constitution grants Congress substantial powers in the area of foreign policy. They disagree over whether Congress has exercised these powers effectively in recent decades.

Civil Disobedience: Aid or Hindrance to Justice?

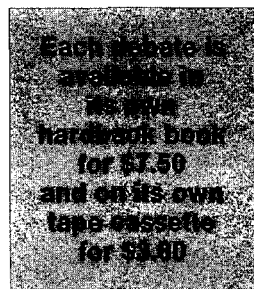
with William Sloane Coffin Jr. and Morris I. Leibman

The Rev. Dr. Coffin, Chaplain of Yale University, contends that civil disobedience throughout the centuries has greatly aided justice. Mr. Leibman, a prominent attorney, is less enthusiastic. He argues that the American system provides the apparatus to further justice without reverting to violence and civil disobedience.

Social Security: Universal or Selective?

with Milton Friedman and Wilbur J. Cohen

Mr. Cohen, former Secretary of Health, Education and Welfare, and economist Milton Friedman choose to disagree in a highly informative and entertaining debate. Mr. Friedman wants to phase out social security and replace its welfare features with a negative income tax. Mr. Cohen takes vigorous exception.



Can Regulatory Agencies Protect the Consumer?

with Manuel F. Cohen and George J. Stigler

Mr. Stigler, of the "Chicago School" of economists, and Manuel F. Cohen, former chairman of the Securities and Exchange Commission, agree that competition protects the consumer but disagree over the best way to achieve and guarantee it.



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regardless of work status and the social security trust funds. These two programs alone will total \$54.3 billion in 1974. Both of these benefit programs are financed by regressive payroll taxes so their elimination would have the additional benefit of making the total federal tax system more progressive.

By 1980, the programs mentioned above will cost over \$100 billion annually and therefore should be a major factor in considering the price and feasibility of future guaranteed income proposals. In fact, if the guaranteed income concept does not replace these patchwork programs of the present welfare system, it will be like trying to put a new engine in an old car without taking out the old engine. It would be inefficient, illogical, and costly.

LUCIE DUPIN

Washington, D. C.

Lucie Dupin is a pseudonym for an employee of the Executive Office of the President.

The editor replies:

We agree. Milton Friedman made this point in our May, 1972, issue ("The Case Against Social Security"). Moynihan probably didn't want to deal with it in 1970 since it could arouse the anxiety of the beneficiaries of the programs to be replaced. McGovern, probably for similar reasons, didn't face the question of what programs were to be replaced. Thus both the Moynihan and McGovern proposals had the Achilles heel of potentially astronomic cost. The McGovern experience will scare politicians away from the guaranteed annual income for at least the next few years. This has one advantage. It means that there is plenty of time for a thorough exploration of the programs to be replaced without causing hysterical defensiveness on the part of the present beneficiaries of these programs.

As I was sailing along with you on your fascinating Moynihan article, I hit a reef in your astonishing parenthetical assertion that the Kennedy liberals had compromised their principles "when they decided the only way to reach full employment was through defense spending." A reading of history as perverted as that (even if fashionable in the Nixon White House) is hard to come by in light of the facts:

During the Kennedy-Johnson Administration, unemployment was reduced from a peak of seven per cent in 1961 to 4½ per cent in August of 1965 at the same time that defense expenditures dropped from over nine per cent to only seven per cent of GNP.

When President Kennedy ran into a brick wall in Congress in his civilian spending proposals (which were in good part motivated by a desire to get the economy moving again), he turned to the big income tax cut, which his liberal economic advisers recommended as the fastest way to revive the economy and provide the will and wherewithal for his domestic initiatives.

Given the stimulus of the tax cut, the economy was moving steadily toward full employment without inflation (unemployment went down to 4.4 per cent with inflation holding at two per cent) by mid-1965, when Vietnam escalation knocked the whole program awry.

So you have it just backwards. It was civilian spending, tax cuts, and monetary expansion that were moving the economy steadily toward stable full employment, and Vietnam spending that overheated the economy and saddled us with inflation.

WALTER W. HELLER
Minneapolis, Minn.

Walter Heller is Regents' Professor of Economics at the University of Minnesota and former chairman of the Council of Economic Advisers.

The editor replies:

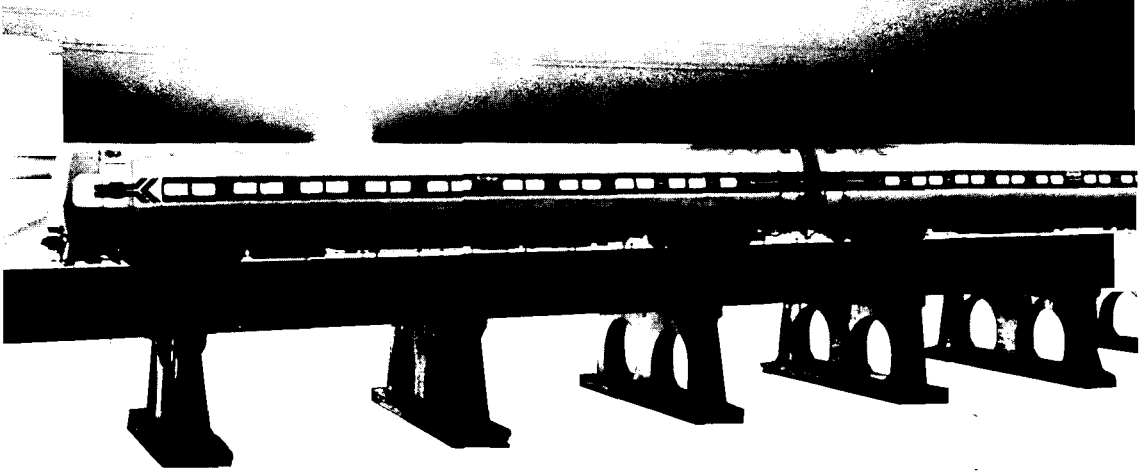
Professor Heller is right. Defense expenditures went down. But space expenditures went up. Here is what Hugo Young, Bryan Silcock, and Peter Dunn wrote in "Why We Went to the Moon" (*The Washington Monthly*, April, 1970):

Of all the people involved, none was better placed to witness the unfolding drama than the man in charge of both space and defense affairs at the Bureau of the Budget, Willis H. Shapley. Shapley, a reflective intellectual who sits somewhat oddly beside the gung-ho pioneers of space, later became a senior official at NASA itself. He is one of the very few space policy-makers now willing to admit that the greatest scientific adventure in modern times was underpinned by some formidable realities closer to home. . . .

With Atlas, Minuteman, Polaris and Titan, the four main elements of American strategic power, all moving toward completion, industry, too, was anticipating harder times. There was, Shapley says, great concern about this: "Could we afford the consequences of such a decline in defense procurement?"

The most immediate earthly benefit of the moon program has clearly been the one which Willis Shapley described when he disclosed the reasons underlying Kennedy's decision: the pumping of jobs and money through the aerospace industry into the economy at large. ■

The seven secrets of the Metroliner's success



by Walter Shapiro

Government has become synonymous with failure. The situation is so bleak that the new intellectual pastime is determining the last time in American history when everything actually worked—some choose World War II, and modernists hold out for the middle years of the Eisenhower Administration.

Admittedly, in the last decade, the notion that government can't do anything right has been backed by some pretty convincing evidence. Determined to avoid future debacles, we have tried assiduously to absorb the depressing lessons of the 1960s.

But against the backdrop of current cynicism, it is difficult to suggest that we can learn from the government's successes—as well as its failures—without sounding like a character out of *Bambi*.

Part of the problem is simply a scarcity of programs that worked. The one which springs most quickly to mind is NASA's Apollo program, which put a man on the moon. Following the landing, newspaper editorials repeatedly asked, "If the government can send a man to the moon, why can't it repair those potholes on Main Street?" But this question was primarily rhetorical—no one looked seriously at the Apollo program for clues about how anything

Walter Shapiro is an editor of The Washington Monthly.